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INSIDE COMMERCIAL REAL ESTATE THOMAS A. CORFMAN

CHICAGO TRIBUNE 4/2/03

# McLean completes River East restructuring

Developer Daniel McLean has completed the financial restructuring of the massive, mixed-use River East development in Streeterville, picking up the pieces after a costly default on a \$300 million construction loan for the project's centerpiece.

"Nobody's walking away from this deal happy," said McLean, president of Chicago-based MCL Cos.

To avoid a likely foreclosure, McLean is handing over to Mitsui Sumitomo Insurance Co. Ltd. the title to River East Center I, the two-tower structure that includes a 455-room Embassy Suites Hotel and a 620-unit condo tower.

Tokyo-based Mitsui, which reinsured the loan against the default, is also taking title to three additional sites: the massive site to the east of River East Center I that includes the former Kraft Building on North Peshtigo Court and two sites along Lake Shore Drive south of Ogden Slip.

McLean will manage River East I and will hold on to the River View development, with plans to resume construction on a long-delayed second phase.

A dispute with Schaumburg-based general contractor Power Construction Co., which had put in a claim for \$7 million, has been settled, he said.

McLean also retains River

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East Plaza, the loft office/retailing building at 401-465 E. Illinois St.

As a part of the complicated deal, McLean also said he has completed the buyout of his investment partners, though the financing for that transaction could not be determined.

**Prime Group bidder:** Jackson, Miss.-based Parkway Properties Inc. is emerging as a strong bidder for troubled Prime Group Realty Trust, according to sources close to the matter.

In the fall of 2000, Parkway made a non-binding commitment to a major transaction involving some or all of the assets of the Chicago-based real estate investment trust, according to a document filed at

the time with the Securities and Exchange Commission. But the deal collapsed as Prime's financial problems worsened.

In 2001, Parkway acquired 233 N. Michigan Ave., a skyscraper in the Illinois Center complex, but has continued to look to expand its holdings here.

Rounding out the field of bidders: a unit of Fairfield, Conn.-based General Electric Co., New York financier Leon Black's Apollo Real Estate Advisors and Atlanta-based Lend Lease Real Estate Investments Inc., sources said.

Representatives of Parkway and Prime Group could not be reached for comment.

**Dearborn Place deal:** Charles E. Smith Residential, the high-rise division of Englewood, Colo.-based apartment owner Archstone-Smith Trust, has a tentative deal to sell Dearborn Place, a 179-unit building at 875 N. Dearborn St., to American Invsco Corp., sources said.

As a part of the \$38 million transaction, the Chicago-based real estate firm would get as much as six months to close, giving it time to gear up a marketing campaign, sources said.

A spokesman for Charles E. Smith could not be reached for comment. A spokeswoman for American Invsco, which is al-

ready marketing a condo conversion of Delaware Place, a 185-unit building at 33 W. Delaware Place, would not comment.

**REIT resignation:** David Helfand, chief investment officer and executive vice president at Equity Office Properties Trust, is resigning from the real estate investment trust, whose chairman is billionaire financier Sam Zell.

Helfand, 38, is making the move to concentrate on more entrepreneurial real estate opportunities, sources said. His resignation follows the November selection of Richard Kincaid as chief executive of the REIT, effective Tuesday.

At Equity Office, Helfand played a key role in acquisitions totaling nearly \$12 billion, including the 2001 merger with California-based Spieker Properties Inc. Before joining Equity Office in 1998, Helfand was president and chief executive of another Zell company, Manufactured Home Communities Inc.

**Building in Romeoville:** In a sign that the industrial market may be picking up, Minneapolis-based developer Ryan Cos. U.S. is starting construction next month on a speculative 471,500-square-foot distribution facility in its Boldt Park business park in Romeoville.